

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking to Integrate
Procurement Policies and Consider Long-Term
Procurement Plans.

Rulemaking 08-02-007
(Filed February 14, 2008)

**CENTER FOR ENERGY EFFICIENCY AND RENEWABLE TECHNOLOGIES'
RESPONSE TO ENVIRONMENTAL ISSUES HOMEWORK QUESTIONS**

October 3, 2008

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The Center for Energy Efficiency and Renewable Technologies (CEERT) respectfully submits this response to Environmental Issues Homework Questions from the California Public Utilities Commission’s Energy Division in the Long Term Procurement Plan proceeding, R.08-02-007, dated September 19, 2008.

How should environmental issues be addressed in the LTPP?

The LTPP should consider environmental issues of various utility portfolios by examining (1) the potential environmental impacts of the various resource categories and (2) the potential impacts based on general location information. To ascertain the potential impacts based on location, parties should consider known environmental characteristics of that location, (e.g. threatened species present) within a given area. Utilities should not, however, be required to determine the potential impacts of energy development at *specific* locations. Under this option, which E3 and the PUC defined as “Option 2,” utilities will provide well-developed plans to the Commission and stakeholders without mandatory disclosure of proprietary data. This option will also spare the utilities and regulators from additional environmental analysis prior to Commission approval and CEQA analysis, and without committing to a specific plan.

As mentioned, by requiring utilities to define their portfolios in terms of energy resource categories, environmental characteristics of an area can be described and impacts estimated in a general way. The plans should provide enough information based on resource category to consider valuable environmental information, such as estimates of:

- GHG and criteria pollutant emissions
- Physical footprint (land use conversion)
- Ground disturbance
- Potential habitat/migratory impacts
- Biodiversity impacts
- Cultural preservation
- Water impacts
- Public health and cumulative impacts considerations

How should environmental issues be addressed in RFOs?

CEERT believes that the information used in the LTPP should be the starting point for environmental information and impacts assessment in the RFO process. The RFO process would include more specific information on the resource type and location within CREZs, which would be enhanced by subsequent CEQA review required for selected projects. Throughout each of these processes, utilities and the CPUC should consider and attempt to minimize the air quality and public health impacts of various resource buildouts.

What level of geographic specificity should be included at the LTPP level?

Resource type coupled with coarse location information (e.g. solar in Inyo County) regarding procurement plans would help the Commission and parties begin to estimate potential impacts and, if necessary, mitigation options for various portfolios. A consistent level of detail is necessary, however, in order to ensure fairness among utilities as they evaluate and submit proposed plans. CEERT recommends that the CPUC require utilities to specify either county information or a particular CREZ when describing the geographic location of potential new generation. This information and level of geographic specificity will help utilities and the Commission select portfolios with minimal environmental impacts.

What level of geographic specificity should be included at the RFO level?

The RFO process should provide greater specificity regarding the location of potential projects than the LTPP process, either by specifying a CREZ or a site within a CREZ for renewable energy development. During the RFO process, utilities should leverage additional information from RETI to seek generation and plan for transmission of specific resource types in a specific CREZ.

How can we ensure that fossil plants (and fossil retirements) are considered with the same scrutiny as green resource options?

By using consistent and well-defined economic and environmental indicators to estimate the impacts of each resource build-out, utilities, the Commission, and stakeholders should be able to look at the various fossil and non-fossil resource options with equal scrutiny. CEERT recommends the following metrics for evaluating the full costs of various portfolios:

- Avoided generation cost

- Avoided transmission and distribution (T&D) cost
- Avoided criteria pollutant emissions, including NO_x, SO_x, PM 10 and PM 2.5, CO and VOCs
- Avoided fuel costs (natural gas)
- Avoided GHG emissions
- Avoided water use costs
- Economic benefits from job creation

Should the RETI environmental screening effort be leveraged and if it should, how should it be leveraged?

The LTPP and RFO processes should assume that the RETI process will inform siting and transmission of new renewable generation by the relevant agencies and bodies. To select the CREZs, the RETI process evaluated (1) areas where energy development is prohibited or severely restricted by existing law or policy, and (2) areas where renewable energy development is expected to be least damaging to the environment.

The RETI process ruled out areas where energy development is prohibited or limited due to federal restrictions, siting challenges, agricultural conflicts, and where sufficient wastewater is available for cooling thermal power plants. Additionally, RETI may consider the following environmental criteria to develop CREZs:

- Energy development footprint: the amount of land needed for renewable energy collection and electric generation
- Transmission footprint: the amount of land on needed for new transmission rights-of-way

- Land degradation
- Sensitive areas within CREZs and buffer zones
- Significant species
- Wildlife corridors
- Visual impacts
- Important bird areas
- Native American cultural impacts
- U.S. Forest Service lands

Using terms, classifications, and criteria consistently between the LTPP process and RETI will also help minimize the replication of work. While the two processes have distinct goals, they rely heavily on similar information and will inform one another in a number of ways. The LTPP proceeding should not attempt to determine specific procurement locations. Rather, it should focus on determining sustainable resource portfolios with proper consideration of locational impacts.

What are the potential benefits of introducing environmental analysis to the LTPP process?

General consideration of environmental information will help all parties prepare for the necessary siting and permitting processes that will take place in order to get steel in the ground. Additionally, it will provide regulators and stakeholders with information regarding the environmental impacts of the various scenarios to determine how utilities plan to respond to different policies. To the extent possible, this up-front assessment of environmental information may minimize conflict at the local level.

Can environmental analysis at the LTPP stage help to refine the environmental issues addressed in the RFO stage?

The LTPP process can act as a first filter by preliminarily screening resource types and general site information for environmental impacts. Assessment of potential environmental impacts in the LTPP process should act as a starting point for additional environmental issues which the utilities will have to address prior to procurement, siting, and permitting.

How can environmental analysis at the LTPP stage be used to establish need determination for longer term (beyond five year) resource procurement?

A complete set of environmental metrics will allow utilities to assess their environmental performance, and will help the CPUC and other regulators provide policy guidance on new procurement plans and environmental policies to reduce environmental impacts and maximize environmental benefits cost effectively. Additionally, the metrics listed above for comparing resource types will help utilities and the Commission realize the full cost of procurement options.

Thank you for considering these comments.

Respectfully submitted,

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